

CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Southern Chautauqua Federal Credit Union

Point of Contact:	Anne M. Rich	RSSD: (For Bank Holding Companies)	N/A
UST Sequence Number:	1370	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	1,709,000	FDIC Certificate Number: (For Depository Institutions)	N/A
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	9107
Date Funded (first funding):	September 30, 2010	City:	Lakewood
Date Repaid ¹ :	N/A	State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The infusion did not increase or reduce the credit union's lending power but allowed the credit union to continue to lend to the needs of our community.

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The credit union is currently researching the benefits to offering a Home Equity Line of Credit (HELOC), to remain competitive within our footprint. We are anticipating a roll-out date of June 2012.

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

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☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☐ Increase charge-offs.

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☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As marked above, Southern Chautauqua Federal Credit Union's main objective in obtaining UST funds, was to increase our Net Worth. with the infusion of the funds SCFCU was able to stay in good standing with NCUA and did not enter into PCA (prompt corrective action) with the federal regulators. The UST funds allowed us the necessary time needed to raise our capital to a respectable level and to allow the credit union to continue to lend to our community where many individuals are un-banked due to the economic hardships many were faced with that goes along with being in a low income area.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.